Counterpunch

A Report from the Capital

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FLYING THE "GOLDEN TURKEY":

The Pentagon's Corporate Welfare Program for McDonnell Douglas

To secure congressional passage of NAFTA last November, President Clinton spent billions of dollars in taxpayer money to buy the votes of undecided legislators. Among the sleaziest transactions was the deal cut with Rep. Eddie Bernice Johnson, a freshman Democrat from Texas who traded her vote for an administration promise to buy six C-17 cargo planes in Fiscal Year 1994, two more than previously planned. Johnson's Dallas district is home to Vought Aircraft Co., a major C-17 subcontractor. "I am not going to say (who made the promise)," the congresswoman told the *Journal of Commerce*. "(But) there will be six, I can say that."

Even more scandalous than the vote trade is the C-17 itself, an airborne scrap heap and classic example of how the military acquisitions system has become a gigantic system of corporate welfare. The chief benefactor in the case of the cargo plane is the McDonnell Douglas Corporation (MDC), the plane's primary contractor. "The theft at the Pentagon has become much more open (with the end of the Cold War)," says an ex-Defense Department official who worked in the area of transport aircraft and is familiar with the C-17. "It's all about dollars and keeping companies afloat."

Like many current Pentagon projects, the C-17 gained momentum following the 1979 Soviet invasion of Afghanistan, when the Carter administration pushed for a wave of new defense spending. The Pentagon initially planned to buy 210 C-17s for $32 billion ($152 million apiece), but in 1990 cut the order to 120 planes for $36 billion ($333 million apiece). On Dec. 15, defense undersecretary for acquisition John Deutch announced a further reduction of the program to 40 planes. No cost was given but experts say the price tag is likely to hit $28 billion ($700 million apiece). So far, MDC has built fewer than 10 C-17s, with several in trial operation at the Charleston Air Force Base in South Carolina.

The original justification for the aircraft—confronting the Red Menace—has vanished, but the Pentagon still insists that the C-17 is a "must buy." Now, say officials, the cargo plane is essential to national security because of its alleged ability to move large numbers of personnel and tons of equipment to distant combat zones. Just as important is the C-17's much hyped capacity to land on short, dirt airstrips, and thus handle the dangerous task of resupplying advance troops.

In reality, the C-17 is a threat to national security—and to anyone who is forced to ride it. A Congressional Research Service report released late last year detailed a few of the problems experienced by this monstrous boondoggle. These include:

- A 17-month delay in completing the aircraft's first test flight, which finally took place in September of 1991.
- Multiple problems with the software for the C-17's nineteen on-board computers, which are absolutely unnecessary for military purposes but crucial to the craft's true mission of inflating Pentagon funding and corporate profits.

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MOVERS AND SHAKERS

Ethics and Intellect in Washington

After resigning in December as Bill Clinton's chief congressional lobbyist, Howard Paster announced he would return to his old public relations firm of Hill and Knowlton to serve as president and chief executive officer. While not illegal, the action makes a mockery of Clinton's pledge to stop the revolving door between public service and private lobbying. White House Chief of Staff Mack McLarty defends Paster, saying that since he is a "fine, ethical" person, there's nothing wrong with his move.

Describing Paster as "ethical" is like calling Dan Quayle "profound." A former labor lawyer, Paster sold out at the dawn of the Reagan era, taking a high-paying position with the conservative Washington lobbying firm of Timmons and Co. in 1980. Paster worked so hard for his clients—including oil companies, banks, defense contractors and the NRA—that *The Washington Post* praised him for "harboring an indefatigable devotion to lobbying for the wealthy and powerful in corporate America."

Paster moved to Hill and Knowlton in 1992, but soon resigned to join the Clinton administration. According to an excellent but largely overlooked study by the Center for Public Integrity, Paster's firm earned $14 million between 1991 and 1992 for representing countries that violate human rights, making it the No. 1 company in the "torture lobby." Its clients included:

- Kuwait, which paid Hill and Knowlton $10 million to help drum up public and congressional support for the Persian Gulf War. The company's work included promoting the false charge that Iraqi soldiers had removed dozens of Kuwaiti babies from incubators and left them to die.
- Turkey, whose government routinely uses torture, coughed up $1.2 million for Hill and Knowlton to "lobby Congress and the executive branch on foreign aid." A top figure working on this account was Thomas Hoog, a Clinton campaign advisor.
- Indonesia, which has murdered one-third of East Timor's 600,000 people since invading the island in 1975, paid $3 million for "logistical assistance" in promoting investment and trade with the U.S. Clinton, perhaps not coincidentally, continues to support Indonesia despite his tough campaign rhetoric against the Suharto dictatorship.
- China, one of the world's worst human rights abusers, paid $163,000 to improve its "overall image in the United States as [a] valued trading partner."

Hill and Knowlton's most recent filing with the Justice Department shows the firm continues to represent all of these countries except Kuwait, and on Sept. 15 signed a contract to provide "public relations" services for Thailand, a country where child prostitution is rampant. Since "sex tourism" is a major source of foreign exchange, the federal government has done nothing to control the trade. In assessing the ethical standards of Hill and Knowlton's new CEO, it's worth noting that Paster says he's never done anything "contrary to [my] principles."

Another man to whom inappropriate labels are routinely attached is Rep. Newt Gingrich, who later this year is set to become the House minority leader. He was recently portrayed by fellow Georgian conservative Rep. John Lindner as the Republican Party's "principal ideal man."

Gingrich's latest intellectual project was "Renewing American Civilization," a course he taught last Fall at Kennesaw State College. Suggested class readings included books by George Gilder, Friedrich Hayek and Michael Novak. Also recommended were Ronald Reagan's first inaugural address, *The Bible* and *The 1913 Handbook for Girl Scouts.*

Gingrich discussed the Kennesaw course in a rambling hour-long speech on the House floor last year. As Professor Newt compellingly told colleagues, "American civilization implies that there is an American civilization, yet we are the successor to Western civilization. Western civilization, in many ways, with roots in Greek and Roman culture, coming up through the Judeo-Christian tradition, was a Northwestern European Caucasian civilization."

GOPAC, a fundraising outfit headed by Gingrich, helped market and promote the class. Interested parties unable to attend directly were encouraged to call a toll-free number to order Gingrich's ten lectures in an audio series ($69.95) or in a somewhat pricier video package ($119.95). Critics charged that the course was less a labor of love than a clever means of avoiding limits on outside income earned by members of congress. In response, the University of Georgia Board of Regents implemented a new policy which barred elected officials from teaching in the state college system.

Gingrich's entire public career has been spent preaching what he doesn't practice. In the early 1980s, this advocate of "family values" abandoned his wife and then attempted to dictate the terms of divorce as she lay in a hospital bed recovering from a cancer operation. His former spouse twice had to take Gingrich to court for failure to make child support payments, most recently in 1992. A foe of the welfare state, Gingrich's home district of Cobb County received $3.4 billion in federal money in 1992, according to Common Cause. That amounts to $7,491 per resident, the third highest amount in the country and 57 percent above the national average. While railing against the "imperial congress," Gingrich in 1992 voted himself a $35,600 pay raise, made massive use of franked postage, bounced 22 checks at the House Bank, and was chauffeured about the capital in a Lincoln Town Car paid for by taxpayers.

Gingrich almost lost his reelection bid in 1992, despite running in a newly-created suburban district composed largely of affluent right-wing diehards. But with his status rising in the Republican Party—and with new found media support thanks to his work rounding up GOP votes for NAFTA—Gingrich may be harder to beat when he runs again in 1994. "Gingrich is an absolute mercenary and he's about to become a lot bigger," says a Washington political consultant. "Unfortunately, he's very powerful, excellent at manipulating the media, and the Democrats are too chicken to take him on." •

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PRO-GROWTH ZEALOT PLANNING WORLD BANK'S 50TH ANNIVERSARY BASH

The World Bank turns 50 this year and is planning a series of events to commemorate its birthday. Scheduled along with the festivities is a major public relations campaign, a smart idea given the WB's historic role in the pillage of the Third World. Policies pushed by the Bank and other multilateral development agencies have been so successful that the income gap between the world's richest and poorest nations has roughly doubled during the past thirty years.

The man charged with overall coordination of the P.R. blitz is Armeane Choksi, a WB vice president and chair of the "Committee on the Bank's 50th Anniversary." He detailed his "initial plans" in an Aug. 3, 1993 internal memo, which was provided to ***Counter*punch** by Bruce Rich of the Environmental Defense Fund.

The document says the WB should use the anniversary to set "forth a clear vision of our agenda" by identifying the "messages we wish to convey, the audiences we wish to reach, and the best instruments available to us." To disseminate its message the WB will "encourage...essays by popular writers; academic writings on development issues...(and) films and TV programs built around Bank-supported activities and accomplishments." The WB has already encouraged the Brookings Institution—by means of a highly lucrative contract—to produce the *History of the World Bank Group*, a book which will undoubtedly be quite sympathetic to its financial sponsor.

Choksi, known as a rabid proponent of economic growth at any cost, is an interesting choice to run the 50th anniversary campaign. He and his wife, Mary, were recently featured in a full-page ad in the *Washingtonian* magazine that announced the sale of their $800,000 D.C.-area home. The ad, which informed readers that the couple is building a more suitable dwelling, says Mary will miss the old homestead's "long private drive, the bright and open floor plan, and the wonderful decks overlooking the majestic trees. (Armeane) will remember the luxurious master suite complete with Jacuzzi, skylight, separate shower, and circular windows, the grand first floor library with fireplace, and the impressive entry foyer. They'll both miss the dumbwaiter which carries groceries into the kitchen!" Unmentioned is that Choksi oversees the Bank's anti-poverty programs.

Incidentally, Mary Choksi is an Investment Manager at Strategic Investment Partners, a company she founded in the late 1980s after taking a buyout from the WB as part of a staff reduction program. Shortly thereafter, the Bank privatized its employee pension plan and awarded its management to Mrs. Choksi's firm—in a process which had no other bidders, according to a former Bank staffer. If only eradicating Third World indigence were so easy.

In his previous position at the Bank, Choksi headed the Brazil Department. While there he supported such endeavors as the Carajas Iron Ore Project, which led to the destruction of an enormous chunk of Amazon rain forest. He was also keen on funding the Angra III nuclear power plant, a mad scheme planned for a beach resort area between Rio de Janeiro and Sao Paulo, Brazil's most populous cities. WB backing for the plant was eventually stopped by other sectors of the Bank. "Choksi oversaw a number of disasters in Brazil and didn't rigorously enforce the Bank's own policies," says Rich, who has detailed the WB's ghastly record in *Mortgaging the Earth* (Beacon Press: February, 1994). "It's perplexing that he would have then been promoted to manage anti-poverty programs and other important issues."

That Choksi will play such a key role in the anniversary commemorations indicates that the WB's plans for the next half-century will be as cynical as the strategies they've pushed for the past 50 years. •

SOME THINGS NEVER CHANGE

The World Bank now espouses a "green" philosophy and claims it will no longer fund environmentally destructive projects. Behind the rhetoric, Bank staffers maintain their old posture, as seen in a 1993 confidential memo from John Briscoe of the WB's water and sanitation department to Ismail Serageldin, Vice President for Sustainable Development. A brief section from the memo appears below:

"(The) environmental establishment at the Bank...is increasingly seen as a policeman, not a unit assisting our staff and borrowers to do better...This causes much resentment among the borrowers. They are obliged to jump through incredible hoops constructed by what they perceive as first-world zealots...As the negative reaction to extreme environmental policies coalesces in industrialized countries, the extreme environmental groups will press harder and harder where they can still exert influence, notably on the Bank. The forces of political correctness will remain vibrant and the short-term cost of standing up to these will be high...Politically-correct accommodation to these pressures will not only be very costly for people in developing countries, but, in the medium and long run, disastrous for the Bank as a development institution."

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C-17, from p. 1

- Unexplained leaks in the fuel tanks during flight testing.
- Localized heat damage and acoustical cracks in the plane's wing flaps.

The biggest problems of all have occurred with the C-17's wings, which officials described as having "buckled" during an October 1992 "stress" test. A congressional source familiar with the program says "the wings didn't buckle, they were destroyed a millisecond after the test began. They ripped like pieces of paper." After MDC spent approximately $100 million on a major redesign—an expense which sources suspect was passed on to the Pentagon—a second test was conducted last July, only to be quickly halted when the wings began to splinter. In a third test conducted on Sept. 10, the C-17's left wing cracked in two places. The Pentagon, apparently heartened because the right wing was undamaged, declared this test a rousing success and says no further experiments will be required.

The C-17 also has a mysterious center-of-gravity problem, which makes take-off extremely dangerous unless the plane is fully loaded. Sources say that when the aircraft is empty, Air Force crews keep two 7,950 pound cement blocs—known as the "pet rocks"—in the craft's forward area to ensure safe take-off. This means that the C-17 will either fly into action pre-loaded with nearly eight tons of cement or advance troops will be forced to tote along two "pet rocks" to load onto the plane after removing its cargo. "I can't prove it but I believe the wings are in the wrong place, they're slightly too far aft," says the congressional source. "They screwed up but can't admit it, so they'll try to get by (with the "pet rocks")."

Most shameful of all is that the C-17 is incapable of carrying out its assigned task of forward resupply. The enormous aircraft needs at least 4,000 feet of runway to land, 1,000 more than the Air Force claims. Sources also say the C-17 cannot come down on a dirt airstrip because its jet engines will "ingest" earth. "You could land it on a concrete strip but if you try to put it down on dirt you'll end up with some very expensive repair bills," says the former Pentagon official, who points out that advance combat troops are not normally anywhere near a concrete landing strip.

He also disputes Deutch's assertion that the C-17 "is the cheapest way to get the required military capability," saying that a used Boeing 747—which can be bought and modified for less than $100 million—can carry three times as much cargo as the C-17 and twice as far. In fact, the Pentagon's old twin engine C-123, which was used in Vietnam, could perform the C-17's job perfectly well. Unfortunately, the Pentagon hated that plane because it was inexpensive and lacked the glamor of a jet-engine aircraft. As the source points out, "this golden turkey (the C-17) represents a sizeable chunk of the GNP and can be blown to smithereens by a $22 mortar shell."

To keep the C-17 alive, the Defense Department has resorted to unethical and possibly illegal means. A recent report by the Pentagon's independent Office of Inspector General found that the Air Force had made hundreds of millions of dollars in unwarranted "progress payments" (government money to help finance contractors as work proceeds) to McDonnell Douglas, lied about the aircraft's performance, and accepted shoddy excuses for schedule delays. The Clinton administration's contribution to this charade has been to classify key safety standards as "goals" rather than requirements.

James Burton, a former Air Force colonel, says the Pentagon's continued support for the C-17 is a payoff to MDC for the 1991 decision to kill the company's A-12 fighter. He points out that the Air Force authorized a highly questionable "progress payment" of $770 million on the C-17 shortly after the A-12 program was halted. "That may be a coincidence but it's hard to believe that the two events were not related," says Burton, who retired in 1986 after battling with Pentagon officials for 14 years over reforming the acquisitions system.

The C-17's fate now lies in congress, with the House recently restricting funding unless the Secretary of Defense finds that faults can be corrected at a reasonable cost and that alternatives to the C-17 are seriously considered. Killing the program now would save $13.5 billion over 5 years.

However, with so much money at stake, don't be surprised to see the Golden Turkey once again escape the budget axe. The congressional source worries that with the plane's safety extremely suspect, the real trouble may lie ahead. "If one of these planes ever crashes with troops aboard, they (Air Force officials) are going to regret the day they ever heard of the C-17," he says. •

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